

SOL PLAATJE MUNICIPALITY

INTERNAL AUDIT MANUAL



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INTRODUCTION

Purpose of the Manual

This Internal Audit Manual serves as a comprehensive guide for conducting internal audits within Sol Plaatje Municipality (“SPM”/“Municipality”) in line with the Global Internal Auditing Standards. It ensures that all audits are conducted consistently, transparently, and in compliance with international best practices, thereby supporting governance, risk management, and control processes across the municipality. This manual sets out the nature, role, responsibilities and authority of the Internal Audit Function within SPM and outlines the scope of the internal audit work. It has the approval of the Audit Committee and the Municipal Manager. This manual will be reviewed as and when deemed necessary.

Global Internal Auditing Standards

The manual aligns with the latest global internal auditing standards, including the *International Standards for the Professional Practice of Internal Auditing (ISPPIA)*, as updated by The Institute of Internal Auditors (IIA). These standards guide audit professionals in delivering high-quality assurance and advisory services.

Alignment with the Global Internal Audit Standards (GIAS) Principles

This manual is aligned with the Global Internal Audit Standards (GIAS), 2025 edition, which are structured around five domains comprising 15 principles. The table below maps key sections of this manual to each of the GIAS principles:

GIAS Principle	Principle Focus	Relevant Manual Section
1. Purpose of Internal Auditing	Organizational value through independence and objectivity	Section: Introduction & Mandate
2. Professionalism	Ethical conduct and due care	Section: Code of Ethics
3. Accountability	CAE's accountability to the board	Section: Reporting Structure
4. Independence and Objectivity	Free from undue influence	Section: Organizational Status
5. Risk-Based Planning	Audit plan based on risks	Section: Planning Process
6. Coordination and Reliance	Coordination with assurance providers	Section: Combined Assurance
7. Quality	Commitment to quality and improvement	Section: Quality Assurance
8. Engagement Planning	Adequate planning of engagements	Section: Engagement Planning
9. Performing Engagements	Execution of audits with due care	Section: Fieldwork
10. Communicating Results	Timely, clear, and accurate reporting	Section: Reporting
11. Monitoring Progress	Follow-up on audit recommendations	Section: Follow-up Process

GIAS Principle	Principle Focus	Relevant Manual Section
12. Communicating the Acceptance of Risk	Escalating unmitigated risks	Section: Reporting Significant Risks
13. Strategic Role	Supporting the organization's objectives	Section: Strategic Audit Planning
14. Insight	Adding value through insights	Section: Advisory Services
15. Foresight	Anticipating and addressing emerging risks	Section: Continuous Improvement & Trends

This mapping ensures the manual explicitly demonstrates conformance with the principles and facilitates external quality assessments.

Overview of the Internal Audit Function

The Internal Audit Department is an independent, objective assurance, and consulting activity designed to add value and improve the municipality’s operations. It helps the municipality accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

A. POLICIES

A-1. FUNCTIONS OF INTERNAL AUDITING

Mission

The Internal Audit (IA) function will provide independent and objective assurance, advice, and insight to improve governance, risk management, and control processes within the municipality. This aligns with the Global Internal Audit Standards (effective January 9, 2025) to support public service and organisational excellence.

Vision

Internal Audit will strive to be an efficient and effective internal audit service to the SPM's management and staff, by adhering to or exceeding the Global Internal Auditing Standards (GIAS) of the Institute of Internal Auditors (IIA) and the SPM's guidelines and policies. By 2029, the IA function will be a trusted partner in enhancing municipal governance, known for delivering value-adding audit services, promoting a culture of accountability, and providing strategic risk insights to achieve the municipality's development goals.

INTERNAL AUDIT CHARTER

Authority and Responsibility

The Internal Audit Department derives its authority from the Audit Committee and the Municipality Council, as stipulated in the Internal Audit Charter. This authority grants the department unrestricted access to all municipal activities, records, personnel, and property necessary to perform its duties.

Independence and Objectivity

In alignment with the Core Principles for the Professional Practice of Internal Auditing, which emphasize integrity, objectivity, and independence, internal auditors shall report functionally to the Audit Committee and administratively to the Municipal Manager directly. In accordance with the Code of Ethics, internal auditors must remain impartial, refrain from auditing areas where they have or had operational responsibilities and disclose any potential conflicts of interest to uphold the principles of objectivity and integrity. Internal audit must refrain from becoming involved in operational matters to protect independence and objectivity as much as possible. Stricter policies have been put in place on conflict of interest and independence, especially in instances where auditors may take on consulting roles. Auditors sign both annual and engagement-level conflict of interest declarations and complete a checklist for maintaining objectivity during consulting engagements.

Audit Scope

The scope of internal auditing encompasses all areas within the municipality, including financial, operational, compliance, IT, and performance audits, as well as investigations into fraud and irregularities.

Accountability and Reporting Structure

The Chief Audit Executive (CAE) is accountable to the Audit Committee and is responsible for delivering audit plans, audit reports, and periodic updates on the audit function's performance.

THE ROLE OF INTERNAL AUDIT

The SPM Internal Audit provides *independent, objective assurance* and *consulting services* designed to add value and improve the department's operations. SPM Internal Audit is responsible for assessing whether the department's *risk management, control* and *governance* processes, as designed and represented by management, are adequate and functioning to ensure:

- Risks are appropriately identified and managed;
- Interaction with various governance groups occurs as needed;
- Significant financial, managerial and operating information is accurate, reliable and timely;
- Employees comply with policies, standards, procedures and applicable laws and regulations;
- The department's resources are acquired economically, used efficiently and adequately developed;
- Programs, plans and objectives are achieved;
- Quality and continuous improvement are fostered in the department's control process;
- Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.
- Corporate Governance processes are adequately managed.

AUDIT PLANNING

Risk-Based Audit Planning

The internal audit plan shall be firmly grounded in a dynamic, risk-based approach that is continuously informed by the evolving risk landscape of the municipality. This approach ensures that high-risk areas are not only prioritised at the planning stage but are also regularly reassessed throughout the audit cycle to address emerging and shifting risks in real time.

Audit planning must incorporate real-time risk intelligence, strategic objectives, and stakeholder input, allowing the Internal Audit Unit to adapt swiftly and remain relevant in a rapidly changing environment. To enable this agility, technology-enabled audit analytics must be integrated into the planning and execution processes, facilitating data-driven decisions, predictive risk assessment, and enhanced audit coverage.

Resources will be strategically allocated to audits that offer the highest potential impact, ensuring optimal value delivery to the municipality and strengthening governance, risk management, and internal control processes.

Governance

The internal audit function should assist management in achieving the goals of the council by evaluating the process through which:

- Goals and values are established and communicated.
- The accomplishment of goals is monitored.
- Accountability is ensured and corporate values are preserved

Risk Management

The internal audit should assist the management in identifying, evaluating and assessing significant organisational risk and should provide assurance as to the effectiveness of related internal controls.

Evaluation of Controls

Internal audit must evaluate whether the controls that management relies upon to mitigate risks to acceptable levels are adequately designed, effectively implemented, and operating efficiently. The objective is not only to assess control effectiveness but also to identify opportunities for streamlining, automation, and continuous improvement, thereby supporting enhanced organisational performance. Where deficiencies, gaps, or inefficiencies are identified, the internal audit function shall propose practical, risk-based recommendations to enhance the control environment in a manner that supports achievement of the municipality's strategic and operational objectives.

Assurance Services

Assurance services involve the internal auditor's independent and objective evaluation of evidence to provide opinions or conclusions regarding processes, systems, or other subject matters. These engagements are governed by a defined scope and methodology determined by the internal auditor, based on risk and strategic relevance.

Typically, three parties are involved in assurance services:

- **Process Owner** – the person or group directly responsible for the subject matter under review;
- **Internal Auditor** – the party conducting the independent assessment;
- **User** – the person or group utilizing the auditor's findings and opinions.

Assurance services are designed to enhance confidence in governance, risk management, and control processes, and support accountability and transparency.

Consulting Services

Consulting services are advisory and value-adding in nature, provided at the specific request of an engagement client. These services are collaboratively scoped and agreed upon, with the internal audit function acting as a trusted advisor while maintaining its independence and objectivity.

In consulting engagements, two parties are involved:

- **Internal Auditor** – the provider of expert advice or insight;
- **Engagement Client** – the recipient seeking and receiving the advice.

While delivering consulting services, the internal auditor must not assume any management responsibilities and must continue to uphold professional standards of objectivity and due care. Internal audit should evaluate whether the controls, which management relies upon to manage the risk down to acceptable levels, are appropriate and functioning as intended (i.e. are effective yet efficient) and propose recommendations for enhancement or improvement.

Topical Requirements in Internal Auditing

The Global Internal Audit Standards (GIAS) introduce Topical Requirements to guide internal auditors in areas of emerging and specialised risk. The following topical areas are recognised and will be incorporated into the risk-based audit planning and engagement execution as relevant:

- **Cybersecurity:** Audits will assess the design and effectiveness of cybersecurity governance, risk management, and controls in line with best practices (e.g., NIST, ISO 27001).
- **Fraud Risk Management:** The internal audit activity will evaluate the fraud risk management framework, including fraud prevention, detection, and response mechanisms.
- **ESG (Environmental, Social, and Governance):** ESG audits will consider compliance, performance, and reporting related to environmental impact, social responsibility, and governance standards.
- **Third-Party Risk:** Where applicable, audits will assess risks associated with outsourced services and third-party vendors.

Internal auditors will be trained and equipped to perform engagements in these areas, and relevant methodologies will be developed as the requirements evolve.

INDEPENDENCE

Independence is defined by the Global Internal Auditing Standards as *"the freedom from conditions that may impair the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner."* Independence is essential to the credibility and reliability of the internal audit function and must be preserved in fact and appearance.

To safeguard independence:

- Internal audit personnel report functionally to the Audit Committee and administratively to the Municipal Manager.
- The internal auditing function is organisationally independent, located outside staff or line management roles.
- Auditors are protected from political or administrative pressures that could compromise their ability to perform their duties objectively and report results without fear of retaliation.

Internal auditors must be free from personal, professional, or external impairments to independence and must consistently demonstrate an independent attitude and appearance. Even the perception of compromised independence can erode stakeholder trust.

Conflict of Interest Declarations

To maintain independence and proactively manage potential conflicts:

- All internal auditors must complete and sign an Annual Conflict of Interest Declaration, disclosing any relationships, interests, or situations that could impair, or be perceived to impair, their independence.
- In addition, for each audit engagement, internal auditors must complete and sign an Engagement-Level Independence Declaration, confirming their objectivity and freedom from conflicts specific to the assignment.
- These declarations are reviewed by the Chief Audit Executive and retained in the general section of the audit work papers for each engagement.

Any actual or potential conflicts of interest identified must be promptly disclosed, evaluated, and mitigated appropriately. Where necessary, auditors may be recused from assignments to preserve the integrity of the audit.

Maintaining Objectivity in Consulting Services

When providing consulting services, internal auditors must maintain the same high standards of objectivity and independence:

- Prior to accepting a consulting engagement, a consulting-specific objectivity assessment must be conducted to identify any threats to independence or impartiality.
- The internal auditor shall not assume any management or decision-making responsibilities and must avoid actions that may compromise their role as an independent assurance provider.
- For each consulting engagement, a signed Objectivity and Independence Statement must be completed, and any safeguards applied to maintain objectivity must be documented in the work papers.

These measures ensure that both assurance and consulting engagements are performed with the highest levels of professionalism, credibility, and trustworthiness, in line with global standards and municipal governance expectations.

AUTHORITY

To fulfil its responsibilities effectively and maintain organizational independence, the Chief Audit Executive (CAE) and the internal audit unit are granted full and unrestricted authority to:

- Access all functions, records, systems, property, and personnel relevant to any audit engagement or investigation.
- Maintain direct, unrestricted, and confidential access to the Audit Committee.
- Allocate internal audit resources, determine engagement priorities, set audit frequencies, select subjects, define scopes of work, and apply techniques necessary to accomplish audit objectives based on a risk-based approach.
- Request the full cooperation and assistance of personnel in audited units, and obtain specialized services or expert advice from within or outside the organization when required.

These authorizations are essential to enable the internal audit function to perform its duties independently, objectively, and effectively.

Limitations of Authority

To preserve its independence and objectivity, the Chief Audit Executive and internal audit staff shall not:

- Perform any operational or management duties for the municipality or its related entities.
- Initiate, process, or approve any accounting transactions external to the internal audit unit.
- Assume authority over or direct the activities of employees outside the internal audit unit, except when such individuals are formally assigned to support internal audit work.

These restrictions ensure the internal audit function remains free from role conflict and avoids impairments to independence or perceived bias.

RESPONSIBILITIES OF INTERNAL AUDIT

The Chief Audit Executive and staff of the internal audit unit are entrusted with the following responsibilities to support governance, risk management, and internal control at Sol Plaatje Municipality:

- **Develop and maintain a dynamic, risk-based internal audit plan** that is responsive to the municipality's strategic objectives and emerging risks. The plan shall incorporate input from management and risk owners and be submitted annually to the Audit Committee for review, approval, and periodic updates as necessary.
- **Execute the approved audit plan** in a timely and efficient manner, including any special investigations or ad hoc projects requested by the Audit Committee or management, while adapting to changes in risk or organisational priorities.
- **Ensure the internal audit unit maintains sufficient capability and capacity**, including a professional audit team with the necessary qualifications, competencies, certifications (e.g., CIA, CISA, CA), and continuing professional development to deliver high-quality audit services.
- **Provide regular, transparent, and insightful reports** to the Audit Committee and management, summarising key audit findings, recommendations, progress against the audit plan, and the overall state of internal controls and risk management.
- **Continuously monitor and communicate emerging risks, trends, and best practices** in internal auditing to help the Audit Committee and management stay informed and proactive.
- **Assist in the investigation of significant suspected fraud, corruption, or unethical conduct**, and report results and recommendations to appropriate levels of management and the Audit Committee in line with approved protocols.
- **Coordinate with external auditors, regulatory bodies, and other assurance providers** to ensure effective collaboration, reduce duplication of effort, and promote efficient, holistic assurance coverage for the municipality.

These responsibilities are carried out in accordance with the Global Internal Auditing Standards, and with due regard for independence, objectivity, and professional integrity.

RESPONSIBILITIES OF MANAGEMENT

While the Audit Committee determines the overall scope of internal audit work and decides on the appropriate action to be taken in response to audit findings, municipal management bears the primary responsibility for establishing and maintaining a control-conscious environment and ensuring that the internal audit function is supported and enabled to operate effectively.

Management is responsible for the following:

- **Establishing and maintaining an adequate, effective, and responsive system of internal control**, including risk management processes and governance frameworks appropriate to the size and complexity of the municipality.
- **Preventing and detecting fraud, corruption, and other irregularities**, including the development, implementation, and regular updating of a comprehensive Fraud Prevention Plan in alignment with national and municipal regulations.
- **Reviewing internal audit reports** promptly and ensuring that audit recommendations are evaluated, accepted where appropriate, and implemented within agreed timelines. While internal

audit may advise on control standards or review procedures prior to implementation, the design, implementation, and operational management of systems remain the sole responsibility of management, to preserve internal audit's objectivity and independence.

- **Proposing areas for audit or special investigations** to the internal audit unit, based on emerging risks, operational concerns, or strategic priorities.
- **Providing visible and consistent support for the internal audit function** across all levels of the municipality, including both line and support management and political structures such as the Council.
- **Ensuring that the internal audit function has direct, unrestricted access to senior management, the Audit Committee, and the Council**, enabling it to report findings, concerns, or risks without obstruction, interference, or undue influence.

This clear separation of duties and mutual accountability ensures a strong internal control culture, enhances governance, and supports the overall effectiveness of the municipality's assurance and oversight functions.

REPORTING

The internal audit function is committed to transparent, timely, and value-adding communication of audit results to support informed decision-making and accountability within the municipality.

Engagement-Level Reporting

- Internal Audit will prepare a formal, written report for each audit engagement. These reports will outline the objectives, scope, methodology, findings, root causes, risk implications, and recommendations for corrective or improvement actions.
- Draft reports will be discussed with relevant line management to ensure factual accuracy, solicit management responses, and facilitate the development of appropriate action plans. This collaborative approach ensures that reports are constructive and actionable.
- Final reports will be issued to management and the responsible line function, with copies provided to other relevant stakeholders as appropriate, unless otherwise directed by management or the Audit Committee.

Reporting to the Audit Committee

- On a quarterly basis, Internal Audit will submit a consolidated Executive Summary Report to the Audit Committee. This report will include:
 - Significant findings or control weaknesses, including recurring or systemic issues;
 - Progress against the approved annual audit plan;
 - Implementation status of previously agreed audit recommendations;
 - Any constraints, resourcing issues, or emerging risks impacting audit coverage.
- Detailed audit reports shall be made available to the Audit Committee upon request or when the nature of findings warrants direct oversight.

This reporting structure ensures that both management and the Audit Committee are kept informed, engaged, and accountable in addressing audit observations, thereby enhancing governance and promoting continuous improvement.

SCOPE OF WORK

The scope of internal auditing at Sol Plaatje Municipality is broad and encompasses independent, objective assurance and consulting activities designed to add value and improve operations. Internal auditing helps the municipality accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Specifically, the internal audit function shall assess the adequacy, design, and operating effectiveness of internal controls and the quality of performance in carrying out assigned responsibilities. The scope includes, but is not limited to:

- **Reviewing the reliability, integrity, and accuracy of financial and operational information**, and assessing the adequacy of the processes used to identify, measure, classify, and report such information.
- **Evaluating compliance** with applicable laws, regulations, municipal policies, strategic plans, procedures, and contractual obligations, and determining whether the municipality's operations are aligned with these requirements.
- **Assessing the adequacy of safeguards over municipal assets**, including verifying their existence, use, and protection against loss, misuse, or unauthorized access.
- **Examining the design and operation of internal control systems**, determining whether they are functioning effectively and efficiently to manage risks to acceptable levels.
- **Appraising the economy, efficiency, and effectiveness** with which municipal resources are acquired, allocated, and utilized.
- **Reviewing programs, projects, and strategic initiatives** to determine whether results are consistent with established goals and objectives and whether these efforts are being executed as intended.
- **Providing assurance over governance structures and risk management processes**, including emerging risks, reputational risk, and sustainability-related risk factors where relevant.

This comprehensive scope ensures that the internal audit function remains agile and responsive to the evolving needs of the municipality and its stakeholders.

CODE OF ETHICS

All internal audit staff are expected to conduct themselves with the highest standards of integrity, professionalism, and accountability. Their conduct must reflect adherence to the Code of Ethics issued by the Institute of Internal Auditors (IIA), which underpins trust in the internal audit function.

Internal auditors shall:

- Demonstrate honesty, objectivity, and diligence in the performance of all duties and responsibilities.
- Uphold loyalty to the municipality, refraining from knowingly being a party to illegal, unethical, or improper conduct.
- Avoid any activity or relationship that could create or appear to create a conflict of interest, or that could impair objectivity or independence.
- Refuse gifts, favors, or any form of inducement that may be seen to influence their professional judgment or actions.

- Protect confidential information acquired during audit work, and never use such information for personal gain or in any manner detrimental to the municipality.
- Exercise professional care and competence, basing conclusions and reports on sufficient, relevant, and reliable evidence.
- Accept only assignments for which they possess or can reasonably acquire the necessary knowledge, skills, and experience.
- Pursue continuous professional development to maintain and enhance audit effectiveness and relevance.

By upholding this Code, internal auditors protect the credibility and trustworthiness of the internal audit function within the municipality.

COMPLIANCE WITH PROFESSIONAL STANDARDS

The internal audit function at Sol Plaatje Municipality is committed to providing objective, value-adding assurance and advisory services in line with globally recognised professional standards. Compliance shall be maintained with the following authoritative frameworks issued by the Institute of Internal Auditors:

- The **Global Internal Auditing Standards** (effective 2025), formerly known as the International Standards for the Professional Practice of Internal Auditing;
- The **IIA Code of Ethics**;
- The **IIA's Statement of Responsibilities of Internal Auditing**.

These standards govern the performance, conduct, and quality of all internal audit activities. The Chief Audit Executive (CAE) is responsible for ensuring full alignment with these standards and for monitoring audit quality through internal and external quality assessments as prescribed.

LIAISON WITH EXTERNAL AUDITORS

To optimise audit coverage, reduce duplication, and strengthen the municipality's overall assurance framework, the internal audit function shall maintain a collaborative relationship with the external auditors.

This coordination shall include:

- Periodic meetings to share audit plans, risk assessments, and areas of concern;
- Alignment of internal and external audit activities to ensure comprehensive and cost-effective audit coverage;
- Facilitating mutual access to audit programmes, working papers, and relevant documentation, within appropriate confidentiality boundaries;
- Sharing of audit reports, management letters, and fraud risk alerts, where permissible;
- Exploring opportunities for reliance by the external auditors on internal audit's work, where it meets required standards of independence and quality.

Such cooperation strengthens the efficiency, credibility, and impact of both internal and external audit activities.

A-2. INTERNAL AUDIT PROGRAM - AUDIT PLAN

Each year, the Internal Audit Unit will develop a comprehensive, risk-based Annual Audit Plan for the upcoming financial period. The plan will be formally approved by the Audit Committee and will outline the proposed audit projects, objectives, and resource allocations, ensuring alignment with the municipality's strategic risks and priorities.

Once approved, the Annual Audit Plan will be published and distributed to all relevant Directorates and the external auditors. This communication serves to:

- Promote transparency and clarity of the internal audit's focus areas;
- Ensure that all Directorates are aware of upcoming engagements and can allocate necessary support;
- Foster coordination with external audit to reduce duplication and enhance assurance coverage.

The audit plan will remain dynamic and responsive, allowing for updates based on emerging risks, urgent management requests, or significant changes in the municipality's operations or risk profile.

Principles for Audit Plan Development

The development of the Annual Internal Audit Plan at Sol Plaatje Municipality is guided by the following core principles, which ensure that the plan is strategic, responsive, and risk-focused:

- **Audit coverage is risk-prioritized, not universal** – Given resource limitations, it is neither practical nor necessary to audit all areas annually. The audit plan is developed based on a structured risk assessment to ensure coverage of high-priority areas.
- **The audit plan is dynamic and flexible** – The plan is treated as a living document and may be revised during the year to reflect changing risks, emerging issues, management requests, or unforeseen circumstances.
- **Coordination with other assurance providers** – Consideration is given to the work of external auditors, regulators, and other assurance functions to avoid duplication and promote efficient use of resources.
- **Inclusion of mandated audits** – Any audits or reviews required by legislation, regulation, or other authoritative requirements are included in the plan.
- **Emphasis on internal control risks** – Risk rankings incorporate both actual and perceived levels of internal control effectiveness, operational complexity, and control environment maturity.

Audit Prioritization and Selection

The objective of a risk-based audit planning process is to direct internal audit efforts toward areas of **greatest exposure to risk, inefficiency, or non-compliance**, thereby maximizing value and impact.

Risk assessment forms the foundation of the audit plan and includes a combination of **quantitative and qualitative criteria**. The process prioritizes audit projects based on a blend of management input, internal audit judgment, and a structured evaluation of risk factors, including:

- **Financial impact** – Areas involving high volumes of transactions, significant revenue or expenditure, or material financial consequences.
- **Operational change** – Recent or upcoming changes in municipal leadership, key personnel, systems, or processes that may introduce new risks.

- **Audit history** – The time elapsed since the last internal audit or external assurance activity, and the significance of prior findings.
- **Social and reputational risk** – Areas subject to heightened public scrutiny, environmental considerations, or ethical concerns.
- **Strategic and compliance risks** – Consideration of alignment with municipal objectives, regulatory requirements, and potential for fraud or misconduct.
- **Input from stakeholders** – Insights from Executive Management, the Audit Committee, and Council to capture areas of concern or strategic interest.

While the audit plan aims to provide broad coverage, it does not imply exhaustive testing of all controls or the identification of all risks in every area selected. Rather, it represents an **informed prioritization** based on the best available information at the time of planning.

Preparing the Annual Audit Plan

The purpose of the annual audit planning process is to establish and prioritize audit activities that will provide the greatest value in addressing the municipality's key risks and governance objectives. The planning process is designed to be structured, risk-based, and collaborative, ensuring alignment with the strategic direction of Sol Plaatje Municipality.

A critical component of this process is the assignment of qualified, experienced audit personnel to the highest-risk and highest-priority projects. This ensures that audit efforts are not only effective but also efficient and impactful.

Key principles and procedures guiding the development of the audit plan include:

- **Engagement with Management** – Internal Auditing will engage with management across all Directorates to identify emerging risks, operational concerns, and potential audit areas. This inclusive approach ensures that the audit plan is informed by those closest to the operations.
- **Risk Assessment Foundation** – The annual audit plan is based on the comprehensive risk assessment process, which incorporates both quantitative and qualitative risk factors and considers input from executive management, the Audit Committee, and internal audit's own professional judgment.
- **Resource Estimation and Allocation** – Once audit priorities are established, Internal Audit will estimate the total number of **available audit staff hours** for the upcoming period. These hours will then be allocated to selected audits, consulting engagements, and follow-up activities, taking into account factors such as audit complexity, scope, and duration.
- **Flexibility in Execution** – The actual scheduling of audits remains flexible and may be adjusted during the year in response to **personnel turnover, urgent management requests, fraud investigations**, or significant shifts in the risk environment.
- **Final Approval and Oversight** – The Chief Audit Executive (CAE) retains the final authority to determine which audits will be included in the plan. The completed plan, along with the estimated time allocations for each engagement, is submitted to the Audit Committee for review and formal approval.

By following this structured process, the Internal Audit Unit ensures that the Annual Audit Plan remains a **strategic tool for risk mitigation, accountability, and performance improvement** across the municipality.

A-3. COMMUNICATING RESULTS

Internal Auditing will issue formal reports to communicate the results of each audit engagement. While various formats may be used depending on the nature and audience of the audit, written reports are the preferred medium, as they ensure clarity, accountability, and traceability of audit findings and recommendations.

Written reports serve to:

- Provide a **permanent and verifiable record** of the audit results.
- Facilitate **public inspection and transparency**, where applicable.
- Reduce the risk of miscommunication or misinterpretation.
- Support **effective follow-up and monitoring** of corrective actions.

A **draft report** will be shared with relevant management for factual accuracy and to solicit comments and action plans before the final report is issued. This ensures collaborative agreement on issues and proposed resolutions.

All audit communications must adhere to the following quality attributes:

- **Accurate** – Factually correct and supported by sufficient, relevant evidence.
- **Objective** – Free from bias and personal opinions.
- **Clear and Concise** – Understandable to all intended recipients, without unnecessary complexity.
- **Constructive** – Offering practical and value-adding recommendations.
- **Complete** – Covering the scope, findings, risks, recommendations, and management's responses.
- **Timely** – Delivered within agreed timeframes to enable effective decision-making.

Each audit report should clearly state:

- The **objectives, scope, and methodology** of the engagement.
- The **findings**, including areas of good performance.
- The **auditor's conclusions and, where appropriate, overall opinion**.
- **Recommendations and management's agreed action plans**, with timelines.

Audit findings must be communicated to those who are accountable for implementing recommendations and those charged with oversight, including:

- The **Audit Committee**
- The **Municipal Manager**
- Relevant **Directorate or line management**

To ensure the usefulness and relevance of audit communications, the following timelines are recommended:

- **Draft reports**: within two weeks after completion of fieldwork.
- **Finalization of draft revisions**: within one week after the exit meeting.
- **Final report issuance**: within one month from the date of the final exit meeting.

Timely reporting is essential to promote **prompt corrective action**, drive continuous improvement, and uphold the effectiveness of internal control systems.

A-4. QUALITY CONTROL STANDARDS

The Internal Audit Function of Sol Plaatje Municipality adheres to rigorous quality control standards to ensure the delivery of independent, objective, and value-adding audit services. These standards are consistent with the **Global Internal Audit Standards** issued by the **Institute of Internal Auditors (IIA)**.

Organization and Personnel

- Internal Auditing maintains independence from audited areas. Where full independence is not possible, this is disclosed in the engagement report, and mitigating safeguards are implemented.
- All internal auditors are required to complete and sign an **Annual Conflict of Interest Declaration**, as well as an **Engagement-Level Declaration** for each assignment.
- Job descriptions clearly define the purpose, authority, and responsibilities of each role in the Internal Audit Unit.
- A master schedule of personnel assignments is maintained to ensure transparency, accountability, and effective resource deployment.
- Performance evaluations are conducted in accordance with municipal Personnel Policies and Procedures. In addition, a **Staff Auditor Feedback Form** is completed for any auditor who contributes 80 or more hours to a single engagement.
- A centralized **Audit Project Reporting and Monitoring System** is used to track the status and progress of the approved audit plan.

Planning

- An **Annual Risk-Based Audit Plan** is prepared, approved by the Audit Committee, and updated periodically to reflect emerging risks.
- Each audit engagement includes clearly defined **scope and objectives**.
- **Written audit programs** are developed and approved prior to fieldwork commencement.
- A **time budget** is established and monitored for each audit assignment.
- A qualified **audit manager or supervisor** is assigned to oversee each audit.
- Adequate background information, including **preliminary risk assessments and on-site walkthroughs**, is gathered before fieldwork begins.

Documentation

- A municipality-wide **Annual Risk Assessment** is performed and documented, addressing key risk exposures, control environments, and systems.
- Systems of internal control are documented using **flowcharts, internal control questionnaires, or narratives**.
- **Internal Control Evaluation Templates** are used, when applicable, to assess the design and effectiveness of controls.
- **Written conclusions** are required for all major audit objectives and are subject to supervisory review.

- **Audit Findings Sheets**, supported by sufficient, appropriate audit evidence in working papers, are used for every reportable issue.
- A formal **working paper retention schedule** is followed.
- Working papers must include enough **evidential matter** to support the audit findings, conclusions, and opinions.

Review and Quality Assurance

- All working papers are reviewed for accuracy, completeness, and compliance with audit standards by both the **audit supervisor** and the **Chief Audit Executive**.
- An **Internal Quality Assurance and Improvement Program (QAIP)**, including annual internal reviews, is conducted in line with IIA Standards.
- An External Quality Assurance Review is conducted at least once every five years by a qualified, independent reviewer, in accordance with the **Global Internal Audit Standards – Standard 5.2: External Quality Assessment**.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM (QAIP)

GENERAL

The Internal Audit Quality Assurance and Improvement Program (QAIP) is designed to provide reasonable assurance to the stakeholders of the Internal Audit Activity (IAA) that Internal Audit:

- Performs its work in accordance with its Charter, which aligns with the *Global Internal Audit Standards*, the *Definition of Internal Auditing*, and the *Code of Ethics* issued by The Institute of Internal Auditors (IIA);
- Operates in an effective, efficient, and professional manner; and
- Is perceived by stakeholders as adding value and contributing to the improvement of the municipality's operations.
- The internal audit function maintains awareness of GIAS Topical Requirements and adapts procedures accordingly.
- Periodic assessments will ensure these areas are addressed in audit planning and execution.

Internal Audit's QAIP will cover all aspects of the Internal Audit Activity, in line with *Standard 5.1: Quality Assurance and Improvement Program*.

Key features of the QAIP include:

- Monitoring the Internal Audit Activity to ensure effective and efficient operation.
- Ensuring adherence to the Global Internal Audit Standards, the Definition of Internal Auditing, and the Code of Ethics.
- Supporting value creation and organizational improvement through Internal Audit services.
- Conducting both **ongoing internal assessments** and **periodic internal assessments** (*Standard 5.1*).
- Conducting an **external quality assessment** at least once every five years (*Standard 5.2*).

The **Chief Audit Executive (CAE)** is ultimately responsible for the QAIP, which applies to all types of internal audit engagements, including assurance and advisory services.

INTERNAL ASSESSMENTS

Ongoing Reviews – These are built into the routine supervision and performance of audit engagements and include:

- Continuous supervision of engagements.
- Documented, real-time review of working papers by appropriate Internal Audit staff.
- Compliance checks with audit policies and procedures for each phase of the audit cycle.
- Post-audit customer surveys.
- Analysis of key performance indicators measuring Internal Audit's effectiveness and efficiency.
- Final review and approval of all reports and recommendations by the CAE.

Periodic Reviews – These are broader evaluations of the overall Internal Audit Activity and include:

- Bi-annual stakeholder feedback surveys.
- Annual risk assessments to inform audit planning.
- Semi-annual file reviews to ensure compliance with audit methodology and standards (using tools such as the IIA's Quality Assessment Manual templates).
- Review of internal audit performance metrics and comparison to leading practices.
- Periodic performance reporting to the Municipal Manager and the Audit Committee.

EXTERNAL ASSESSMENTS

General Considerations

External assessments provide an independent opinion on the Internal Audit Activity's conformance with the *Global Internal Audit Standards*, the *Definition of Internal Auditing*, and the *Code of Ethics*, and include improvement recommendations as appropriate.

Timing

An external quality assessment must be conducted at least every five years, in accordance with *Standard 5.2: External Quality Assessment*. The Audit Committee may recommend a more frequent review, depending on strategic priorities.

Scope of the External Assessment

The assessment will include, but is not limited to:

- Conformance with the Global Standards, the Definition of Internal Auditing, the Code of Ethics, the Internal Audit Charter, and relevant policies and legal frameworks.
- Stakeholder expectations and perceptions of Internal Audit.
- Internal Audit's role in the municipality's governance and assurance structures.
- Methodologies, tools, and technologies used by the Internal Audit Activity.
- The composition and qualifications of the audit team.
- The degree to which Internal Audit adds value to municipal operations.

Reviewer Qualifications

External reviewers will be selected based on the criteria outlined in the *Global Internal Audit Standards*, including objectivity, independence, professional experience, and knowledge of the public sector or municipal environment.

REPORTING ON QUALITY PROGRAM

Internal Assessments

The results of internal assessments—both ongoing and periodic—will be reported to the Audit Committee and senior management **at least annually**, in line with the *Global Internal Audit Standards – Principle 5 (Quality)*. These reports will include a summary of identified areas for improvement, performance metrics, and progress made on previous action items.

External Assessments

The results of the external quality assessment, performed at least once every five years, will be communicated to senior management and the Audit Committee. The final report will be accompanied by a written action plan prepared by the Chief Audit Executive (CAE) to address significant findings and recommendations. These assessments shall conform to *Standard 5.2: External Quality Assessment of the Global Internal Audit Standards*.

Follow-Up

The CAE will ensure timely implementation of agreed-upon action plans and recommendations arising from both internal and external assessments. Status updates will be tracked and reported periodically to the Audit Committee until full implementation is confirmed.

CORE PRINCIPLES FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The **Core Principles** define the foundation for an effective internal audit activity. Effectiveness requires that all principles be present and functioning. Internal Audit's policies, methodologies, and the Charter will reference and reflect these principles as part of its commitment to excellence.

Internal Audit will formally assess and document conformance with each Core Principle and, where gaps exist, develop an action plan as part of the QAIP. The assessment will be reviewed annually and presented to the Audit Committee.

The Core Principles for the Professional Practice of Internal Auditing:

Demonstrates integrity

- Internal auditors must be free from political or other undue influence to ensure objective audits and honest, fearless reporting.

Demonstrates competence and due professional care

- A competency model guides staff development.
- An annual training plan is developed based on identified needs.
- Working papers for control evaluations reflect appropriate diligence and analysis.

Is objective and free from undue influence (independent)

- Internal auditors report functionally to the Audit Committee and administratively to the Municipal Manager, supporting independence in practice.

Aligns with the strategies, objectives, and risks of the organization

- The annual audit plan and individual engagements are directly linked to the municipality's strategic objectives and risk profile.

Is appropriately positioned and adequately resourced

- In accordance with Section 165 of the MFMA, the IAA is established as a critical management tool.
- The IAA must be well-planned, organized, and staffed to fulfill its mandate effectively.

Demonstrates quality and continuous improvement

- The QAIP ensures regular monitoring and enhancement of the internal audit function.
- Results are reported annually to the Audit Committee.

Communicates effectively

- Internal Audit ensures clear, timely, and stakeholder-focused reporting.
- Communication is aligned with engagement objectives and the needs of those charged with governance.

Provides risk-based assurance

- The audit plan is informed by the annual risk assessment.
- Internal Audit assesses the adequacy of risk management processes on a recurring basis.

Is insightful, proactive, and future-focused

- Internal Audit identifies emerging risks, trends, and process improvement opportunities.
- Engagements go beyond compliance to provide strategic insight.

Promotes organizational improvement

- Recommendations are directed toward strengthening governance, efficiency, and accountability.
- Advisory and performance audits are included in the audit plan to support improvement initiatives.

ADMINISTRATIVE MATTERS

This policy will be reviewed regularly and updated as necessary to reflect changes in the Global Internal Audit Standards, the MFMA, or the operating context of Internal Audit. Any significant amendments will be approved by the Audit Committee and communicated to relevant stakeholders.

A-5. PERSONAL STANDARDS AND ETHICS

Internal auditors must adhere to the Code of Ethics issued by the Institute of Internal Auditors (IIA), as required by the Global Internal Audit Standards – Principle 1 (Integrity) and Principle 2 (Objectivity). These standards require conformance with the Core Ethical Principles, which guide the behaviour of all internal audit staff.

PRINCIPLES

Internal auditors are expected to uphold the following four principles:

- **Integrity**
The integrity of internal auditors establishes trust and forms the foundation for reliance on their judgments.
- **Objectivity**
Internal auditors demonstrate professional objectivity when gathering, evaluating, and communicating information. They make unbiased decisions without influence from personal or external interests.
- **Confidentiality**
Internal auditors respect the ownership and sensitivity of the information they access and do not disclose it without proper authority, unless legally or professionally obligated.
- **Competency**
Internal auditors must apply the necessary knowledge, skills, and experience in delivering internal audit services, and continuously improve their professional proficiency.

RULES OF CONDUCT

1. Integrity

Internal auditors:

- 1.1 Perform their duties honestly, diligently, and responsibly.
- 1.2 Adhere to laws and make disclosures as expected by the law and the profession.
- 1.3 Do not knowingly engage in illegal acts or any behaviour discreditable to the profession or the organization.
- 1.4 Support the ethical objectives of the organization.

2. Objectivity

Internal auditors:

- 2.1 Avoid activities or relationships that impair or may be perceived to impair objectivity.
- 2.2 Do not accept anything that could influence their professional judgment.
- 2.3 Disclose material facts that, if omitted, could mislead intended users of their work.

3. Confidentiality

Internal auditors:

- 3.1 Exercise discretion in using and safeguarding acquired information.
- 3.2 Do not use confidential information for personal gain or in a way that violates laws or ethical principles.

4. Competency

Internal auditors:

- 4.1 Undertake only engagements they are competent to perform.
- 4.2 Conform to the Global Internal Audit Standards when delivering services.
- 4.3 Commit to continuous professional development and quality improvement.

A-6. INFORMATION SYSTEMS DEVELOPMENT

Internal Audit will review the **control and risk management aspects** of significant new information systems, system enhancements, and emerging technologies such as Artificial Intelligence (AI), prior to implementation or as part of post-implementation assurance reviews.

The scope of Internal Audit's involvement may include:

- **Evaluation of control design** to ensure the confidentiality, integrity, and availability of data are upheld.
- **Assessment of cybersecurity measures** embedded in the system or application, including access controls, encryption, logging, and incident response capabilities.
- **Review of data governance** processes, especially where AI systems are involved in data processing, decision-making, or automation of controls.
- **Scrutiny of compliance** with relevant legislation and internal policies regarding privacy, data protection (e.g., POPIA), and digital ethics.
- **Examination of system development life cycle (SDLC)** practices to ensure alignment with best practices, including quality assurance and user acceptance testing.
- **Assessment of AI-specific risks**, such as algorithmic bias, explainability, auditability, and accountability for automated decisions.
- **Verification of third-party and cloud service risk controls**, where applicable.

Internal Audit will maintain appropriate **skills and knowledge** in emerging technologies to enable meaningful assurance and advisory input, consistent with the principles of **risk-based assurance** and **proactive, future-focused insight** (Global Internal Audit Standards – Principles 9 and 10).

B. PROCEDURES

B-1. COORDINATION WITH EXTERNAL AUDITOR

To promote effective assurance and avoid duplication of effort, Internal Audit will maintain **ongoing coordination and collaboration with the external auditors**.

- **Audit Plan Alignment:** Once the annual audit plan is approved, it shall be shared with the external auditors. A coordination meeting will be convened by the Chief Audit Executive (CAE) to identify **areas of mutual interest or overlap**, with a view to leverage synergies in assurance delivery.
- **Documenting Areas of Interest:** All areas identified for coordination will be formally documented in a designated **internal audit coordination register or working document**.
- **Project-Level Engagement:** For each relevant audit project, the CAE or designated audit supervisor will engage the external audit counterpart to:
 - Share high-level scope and timing.
 - Discuss audit programs, testing strategies, and potential reliance on internal audit work.
 - Facilitate access to relevant working papers, where appropriate, in accordance with professional and legal standards.
- **Information Exchange:** Internal and external auditors will share insights on risk areas, control issues, and potential material matters to enhance assurance coverage and maintain audit efficiency.

This approach aligns with the **Global Internal Audit Standard 10.1.5 – Coordination and Reliance**, ensuring that internal audit activities are complementary, efficient, and focused on value creation.

B-2. ORGANIZATIONAL STRUCTURE

Internal Audit operates under the direction of the **Chief Audit Executive (CAE)**, who reports functionally to the **Audit Committee** and administratively to the **Municipal Manager**, in accordance with Section 165 of the MFMA and the International Standards.

- Internal Audit adopts a **pooled staffing model**, which allows for flexible deployment of staff based on skills, experience, and project needs.
- For each audit engagement:
 - An **In-Charge Auditor** will be appointed to lead the project. They are responsible for planning, executing, supervising fieldwork, and reviewing working papers.
 - Staff auditors assigned to the engagement will report to the **In-Charge Auditor** for the duration of the audit.
 - The In-Charge Auditor reports to the CAE or the delegated **Audit Supervisor** overseeing the specific project.
- Staffing decisions are guided by the nature and complexity of the engagement, availability of skills, and risk profile of the area under audit.

This structure supports effective delivery of internal audit services while fostering accountability, leadership development, and adaptability.

B-3. FILE MAINTENANCE & RETENTION

To ensure compliance with regulatory requirements, internal policies, and best practices in digital records management, Internal Audit will maintain audit documentation and related files according to the following retention schedule. All audit files must be stored in a secure environment that protects against unauthorized access, alteration, or loss, whether in physical or digital format.

The types of files to be maintained and their retention periods are as follows:

File type	Description	Retention period
Annual Reports & Audit Plans	Includes accomplishments for the fiscal year and the approved plan for the upcoming year.	7 years
Professional Publications	Journals, periodicals, and industry publications kept for reference.	2 years
Master Audit Project Files	Final signed-off version of each audit project report and supporting workpapers.	Indefinite
In-process project files	Work-in-progress documentation maintained digitally in secured directories. Paper files for in-process projects are maintained by the auditor in charge of the project.	Until project is finalized
Permanent Audit Files	Key historical records and reference documents of ongoing audit relevance.	Indefinite
Continuing Professional Education	Official proof of staff training and development (courses, CPD credits)	5 years
Confidential Audit Files	Sensitive documentation restricted to CAE-authorized personnel only.	Indefinite
Future Audit Notes	Pre-audit intelligence, risk indicators, or pending audit triggers organized by audit area.	Indefinite
Other Records & Correspondence	Travel claims, payment logs, internal communications, time reports, memos, etc.	3 years
Personnel Files	Employment-related documents for audit staff (CVs, evaluations, etc.).	Employment + 5 years

Note: All files must adhere to **Sol Plaatje Municipality’s Information Security and Cybersecurity Policy**, including controls related to data classification, cloud storage, encryption, and AI-assisted document management tools.

B-4. ADMINISTRATIVE LEAVE PROCEDURES

To ensure fairness and adequate office coverage, the following procedures govern the granting of administrative leave to exempt employees (including professional auditors not entitled to overtime pay).

- **Advance Requests:**
Employees must submit administrative leave requests in advance through the approved HR or time management system. If advance notice is not possible, verbal or written notice should be given to the supervisor as soon as practicable.
- **Approval Criteria:**
Administrative leave requests will be considered based on:
 - The operational needs of the unit and availability of other staff.
 - Documented accumulated overtime performed outside regular hours.
- **Limits on Leave:**
 - Administrative leave may not exceed **4 hours per day**.
 - Leave exceeding this threshold must be charged against vacation or sick leave balances.

- **Monthly Maximum:**
 - Administrative leave may not exceed **4 requests per month**, except under exceptional circumstances approved by the CAE.
- **Tracking and Reporting:**
 - Accumulated overtime and granted leave must be **logged and monitored on a fiscal-year basis**.
 - **No carryover** of overtime balances is permitted between financial years.
- **Digital Timesheet Integration:**
 - Where possible, time tracking should be integrated with the municipality's digital HR systems and include audit trail capabilities for oversight and internal control purposes.

B-5. THE AUDIT PROCESS

The audit process is a structured and consistent methodology for conducting internal audit engagements. While flexibility may be required based on the nature or urgency of the audit, any deviations must be approved by the Chief Audit Executive (CAE). The process ensures that each engagement aligns with professional standards and supports the achievement of audit objectives.

The following phases are included in every audit project:

1. Planning

- Review applicable **permanent files, prior audit working papers**, relevant **regulatory guidance**, and **organizational policies**.
- Prepare and issue an **engagement letter** at least **seven (7) days** before the audit commences, outlining the **scope, objectives**, and **timelines**.
- Conduct **pre-engagement meetings** with management (if required) to clarify expectations and identify emerging risks.
- Develop a **planning memorandum** with background information, risk assessment results, key contacts, and resource allocations.
- Include reference to the **organization's risk register**, strategic goals, and any known areas of concern from prior audits or emerging issues.

2. Control and Risk Evaluation

- Identify and assess the **internal control objectives, control activities**, and **residual risks** associated with the audit area.
- Conduct a **preliminary risk assessment**, informed by:
 - Fraud risk factors,
 - Vulnerabilities,
 - Process maps or system diagrams.
- Document the **control environment**, any known gaps, and controls under review using narrative, flowcharts, or control matrices.

3. Audit Program Development

- Develop a customized **audit program** that includes both:
 - **Compliance procedures** (to test adherence to laws, policies, and regulations), and

- **Substantive procedures** (to verify accuracy and reliability of information).
- Consider the use of **data analytics**, **automated testing**, and **sampling techniques** where appropriate.
- Submit the audit program for **CAE approval** before execution.

4. Fieldwork

- Execute the audit program, performing testing and evidence gathering.
- Maintain clear, complete, and well-organized **working papers**, ensuring they meet the standards for sufficiency and relevance.
- Use appropriate **technology tools** to support fieldwork, including secure digital workpaper systems.
- The **in-charge auditor** is responsible for the preliminary **review of working papers** and preparation of a **draft audit report**.

5. Review

- The **Chief Audit Executive** reviews and approves:
 - Working papers for quality, clarity, and alignment to the audit objectives.
 - The **draft audit report** for accuracy, tone, and relevance of findings and recommendations.

6. Exit Conference

- Provide the draft report to the auditee **at least 24 hours before** the scheduled exit meeting.
- Conduct an **exit conference** to:
 - Review key findings and recommendations,
 - Clarify any issues,
 - Discuss implementation feasibility and timelines,
 - Record preliminary management responses where applicable.

7. Management Response

- Auditees are given **five (5) working days** to submit formal **management comments or action plans** in response to the draft report.
- Internal Audit will:
 - Review the adequacy and realism of the proposed responses,
 - Incorporate agreed actions into the **final report**, and
 - Highlight any areas of disagreement in the executive summary.

8. Permanent File Update

- Update the **permanent file** with relevant changes or new background information that may assist in future audits (e.g., process changes, risk developments, system updates).

9. Filing

- Prior to formal closure of the audit, ensure:
 - Working papers are **quality-checked**, securely archived, and appropriately indexed.
 - Final documentation is **approved by the CAE** before submission to the central records repository or digital audit management system.

B-5-1. THE AUDIT PROCESS –ENGAGEMENT LETTER

1. Purpose of the Engagement Letter

An Engagement Letter marks the formal commencement of an internal audit engagement. It is addressed to the Executive Director of the department under review and must be reviewed and approved by the Chief Audit Executive (CAE).

2. Content of the Engagement Letter

The Engagement Letter must include:

- The scope and objectives of the audit,
- The timing and anticipated duration of the engagement,
- Expected reporting dates,
- The Audit Manager and In-Charge Auditor responsible for the assignment.

3. Internal Audit Approach

The Internal Audit approach is risk-based and guided by the principle that the cost of control should not exceed the benefit derived. This means:

- Focus is placed on high-risk areas,
- Not all errors, fraud, or irregularities may be detected,
- Both operational efficiency and compliance are addressed,
- Recommendations are aimed at strengthening governance, internal control, and performance.

4. Project Planning

The planning phase involves:

- Understanding the process or function under audit,
- Conducting introductory meetings with the relevant managers and senior staff,
- Issuing preliminary documentation requests to management.

Preliminary Information Requested May Include:

- Organizational structure,
- Policies and procedures,
- System documentation,
- Recent changes or known issues in the area under review.

5. Control Documentation and Evaluation

System Documentation

Engagement with managers helps Internal Audit:

- Identify existing practices and controls,
- Understand current systems, tools, and technologies,
- Map processes and information flow.

Types of Internal Controls

- Directive controls – encourage desirable outcomes (e.g., training, policies),
- Preventive controls – deter undesired events (e.g., access restrictions),

- Detective controls – identify issues after occurrence (e.g., reconciliations),
- Corrective controls – address and remedy issues (e.g., contingency plans).

Limitations of Controls

- Controls may be compromised by human error, collusion, override, or automation gaps,
- Management must define the risk tolerance level prior to control evaluation.

6. Evaluation of Controls

Control Adequacy

Internal Audit evaluates whether controls:

- Reflect best practice,
- Address key risks effectively,
- Are aligned with control frameworks (e.g., COSO, COBIT).

Criteria include:

- The control environment and management's tone,
- Use of standard procedures,
- Compliance with policies and legal requirements.

Control Effectiveness

Controls deemed adequate are then tested for effectiveness:

- Are they functioning as intended?
- Do they mitigate the risk to acceptable levels?

Root causes of control failures are identified to ensure meaningful and sustainable recommendations.

Evaluation Results May Conclude:

- Effective – Controls provide reasonable assurance of performance.
- Ineffective – Controls do not sufficiently address risks or objectives.

7. Reporting

A well-structured report is critical for audit value. Key features include:

- Clear identification of key risks and findings,
- Practical, risk-based recommendations addressing root causes,
- Agreed management actions, including:
 - Responsible person,
 - Implementation timelines.

8. Report Distribution

The final report is distributed to:

- Municipal Manager,
- Executive Director responsible for the area audited,
- Immediate supervisor of the unit audited.

Supervisors are encouraged to cascade findings and recommendations to relevant control owners.

9. Project Wrap-Up

The CAE reviews the final report for:

- Quality and objectivity,
- Consistency with standards,
- Alignment with management needs.

Follow-up assessments may be scheduled to gauge whether the audit addressed concerns raised during planning.

10. Validation of Recurring Issues

To strengthen audit follow-up:

- Persistent irregularities are tracked and highlighted in subsequent audits of the same area,
- These are disclosed as a separate section in audit reports to enable targeted remedial action by management.

B-5-2. THE AUDIT PROCESS – WORKING PAPER PREPARATION

1. Purpose of Working Papers

Audit working papers serve as the official record of:

- Work performed during the audit,
- Evidence supporting the auditor’s findings, conclusions, and recommendations,
- The audit process followed and professional judgment exercised.

They must provide sufficient detail to enable an experienced auditor with no prior connection to the engagement to understand the work performed, results obtained, and conclusions reached—without the need for supplementary explanations.

2. General Requirements

Working papers must:

- Be based on the approved audit program,
- Be accurately referenced, neatly organized, and legible,
- Include summaries, lead schedules, and indexing, as appropriate,
- Reflect only relevant and material information that supports the audit objectives,
- Include evidence of supervisory review, such as initials and review dates,
- Be signed and dated by the preparer,
- Indicate:
 - The purpose of the working paper,
 - The source of the information used,
 - The conclusion for each major audit area reviewed.

3. Classification of Working Papers

a) Current Audit Working Papers

These include all documentation related to the ongoing audit project, such as:

- Planning documentation,
- Risk assessments,

- Test results,
- Correspondence with auditees,
- Draft and final findings.

Note: These documents are subject to disclosure under the Promotion of Access to Information Act (PAIA), unless specifically classified as confidential.

b) Confidential Audit Working Papers

Working papers containing restricted, sensitive or legally protected information must be classified as confidential and:

- Bound in a separate file,
- Clearly marked as “**Confidential – Not Subject to PAIA**”.

Examples include:

- Allegations of fraud or misconduct,
- Proprietary information of service providers or third parties,
- Documents related to pending or ongoing legal proceedings.

c) Permanent Audit Files

Some documentation may have long-term relevance for recurring audits, risk tracking, or future planning. These are filed separately as part of the permanent file, such as:

- Organizational charts,
- Process maps,
- Recurring audit issues,
- Key policies and procedures,
- ICT system descriptions.

Where feasible, these should be scanned and archived electronically for accessibility and disaster recovery purposes.

B-5-3. AUDIT PROCESS – WORKING PAPER REVIEW AND APPROVAL

1. Purpose of Review

The review of audit working papers ensures:

- Accuracy and completeness of audit documentation,
- Compliance with audit methodology and professional standards,
- Proper supervisory oversight of audit procedures and conclusions.

2. Review Responsibilities

Role	Responsibilities
In-Charge Auditor	Reviews all working papers prepared by staff auditors assigned to the project.
Audit Manager / Supervisor	Reviews the in-charge auditor’s and team’s work for quality, accuracy, and consistency with objectives.
Chief Audit Executive (CAE)	Reviews all significant audit areas for sufficiency, objectivity, and risk coverage. Initials and dates the reviewed work.

Each reviewer must **initial and date** the working papers reviewed.

3. Audit Working Paper Approval Form

The Audit Working Paper Approval Form is used to:

- Verify that all necessary audit documentation is in place,
- Confirm supervisory reviews at all levels,
- Provide a final quality check prior to project closure and filing.

This form must be completed and signed off before working papers are archived.

B-5-4. AUDIT PROCESS – AUDIT WORKING PAPER APPROVAL FORM

This form serves as official documentation that the working papers for an audit engagement have been reviewed in accordance with the audit methodology and professional standards. It ensures that all supervisory levels have confirmed the sufficiency, appropriateness, and professional quality of the audit documentation and conclusions.

Detailed review (to be completed by the in-charge auditor)

No		Initials	Date
1	I have reviewed all working papers prepared by the personnel in my charge on this engagement		
2	I have compared the work performed, as evidenced by our working papers, with the procedures outlined in the audit program and confirm that the work complies with those procedures.		
3	I have reviewed the completed audit program and confirm that the audit objectives have been accomplished.		
4	I am satisfied that the examination was conducted with proficiency and due professional care, and that the working papers adequately support the audit findings and recommendations.		

Completed by: _____ Date _____

Manager review

No		Initials	Date
1	I have reviewed all working papers prepared by the team under my supervision that were not already reviewed by the in-charge auditor.		
2	I have reviewed a sufficient sample of additional working papers to be satisfied with the overall adequacy and completeness of the audit examination.		
3	I confirm that the audit was performed with proficiency and due professional care, and that the working papers support the audit's findings and recommendations.		
4	I have reviewed the draft audit report and confirm that it accurately presents the results of the audit.		
5	I have reviewed all sections of this approval form and confirm they are completed to my satisfaction.		
6	I hereby approve the issuance of the final audit report		

Completed by: _____ Date _____

B-5-5. AUDIT PROCESS – INTERNAL CONTROL DOCUMENTATION

The review and evaluation of internal controls must be clearly documented in the audit working papers. Documentation provides the foundation for assessing the adequacy and effectiveness of controls and should include one or more of the following formats:

- **Flowcharts** – Visual representation of processes and control points.
- **Narrative Descriptions** – Written summaries of processes, responsibilities, and control activities.
- **Internal Control Questionnaires** – Structured checklists to evaluate key control areas.

The **Control Objectives and Techniques (O&T)** working paper should be used to facilitate and formalize the evaluation of documented controls (see Procedure B-8).

B-6. STANDARD WORKING PAPERS

While many working papers are tailored to specific audit engagements, certain administrative and control documents are standardized and applicable to all audits. These **standard working papers** support audit consistency and quality and are listed in the Appendix. They include but are not limited to:

- Audit Program Templates
- Audit Planning Memos
- Audit Approval Forms
- Time Budgets and Schedules
- Audit Working Paper Index Sheets

B-7. AUDIT PROGRAMS

All audit engagements must be conducted using a **written audit program** that outlines the procedures necessary to achieve the audit objectives. Key guidelines include:

- The audit program must be developed based on:
 - Internal control reviews
 - Completion of the ORCA working paper (see B-8)
 - Planning discussions and documentation
- Each step in the program must be:
 - Cross-referenced to related working papers
 - Initialed and dated by the auditor performing the step
- The audit program must be approved by the in-charge auditor or audit manager before execution.
- Any **revisions** to the program during the audit must:
 - Be documented
 - Be approved by the audit manager
 - Receive approval from the Chief Audit Executive if they significantly affect the audit scope or objectives

B-8. CONTROL OBJECTIVES AND TECHNIQUES

The **Control Objectives and Techniques** methodology is a structured approach used for preliminary evaluation of risks and internal controls within the audit scope. It supports the planning of compliance and substantive testing. The analysis is documented using the **Control O&T** and **Engagement Risk Analysis** forms.

Evaluation Process

Identify Control Objectives

- Determine what should be achieved through internal controls in the area under review.
- Use sources such as industry standards, professional judgment, and discussions with management.
- Cite the source of each control objective unless it is generally understood.

Identify Relevant Risks

- Identify risks that may hinder the achievement of each control objective.
- Use management input and relevant regulatory or operational references.

Assess Risk Severity and Likelihood

- Evaluate each risk in terms of:
 - i **Severity of consequences** – potential impact
 - ii **Likelihood of occurrence** – probability or frequency
- Engage management in assessing these metrics.

Identify Existing Control Techniques

- List control techniques currently in use to mitigate identified risks.
- Gather information through:
 - i Document reviews
 - ii Staff interviews
 - iii Auditor observations
- Examples include segregation of duties, reconciliation procedures, policies and procedures.

Evaluate Control Techniques

- Assess whether the controls, individually and collectively, are adequate to mitigate risks.
- Draw conclusions on the **adequacy** and **effectiveness** of controls.
- Note any:
 - i **Control deficiencies** (missing controls)
 - ii **Control weaknesses** (ineffective controls)
 - iii **Excessive controls** (which reduce efficiency)
- Link any issues to an audit finding sheet.

Select Techniques for Compliance Testing

- Choose control techniques most likely to achieve the related control objective.
- Avoid testing ineffective controls.
- Cross-reference the selected techniques to audit program steps.

Determine Substantive Testing Needs

- Plan substantive testing where:
 - i Controls are ineffective
 - ii It is required due to the audit type (e.g., financial audits)
 - iii It is necessary per audit scope
- Weigh the need for substantive vs. compliance testing to maximize efficiency.

B-9. WORKING PAPER TICKMARKS

All audit working papers must clearly reflect the procedures performed by the auditor. The use of **tickmarks** (symbols) is a standardized method to indicate the completion of specific procedures and to support the review process.

Tickmark usage guidelines:

- A **unique symbol** must be used for each distinct audit procedure.
- Avoid using the **same symbol in different colors**, as photocopying may render all tickmarks in black and indistinguishable.
- A **tickmark legend** explaining each symbol must be provided at the bottom of every working paper where tickmarks are used.
- Tickmarks must indicate that an actual audit procedure was performed—do not use them as placeholders or for unexecuted steps.
- Avoid intricate or overly complex tickmark designs; clarity and simplicity are essential.

B-10. AUDIT FINDINGS

Potential audit findings may arise throughout all phases of the audit. Upon identification of a finding, an **Audit Finding Form** (see Appendix) must be completed at the time the issue is discovered—**not only at the reporting phase**.

Audit Finding Protocol:

- Findings must be developed during the audit, progressively documented, and not postponed until reporting.
- Prior to drafting a formal report comment or corrective action plan, all findings must be discussed with the auditee to:
 1. Confirm the accuracy of the condition identified.

2. Inform the auditee of the potential reportable issue.
3. Obtain the auditee's preliminary input on corrective actions.

Following this discussion, the finding may be summarized on a Corrective Action Plan Form. This form should be issued to the auditee to obtain a formal written response.

B-11. AUDIT REPORT PROCESS

The audit report serves as the formal communication of audit results. It must be prompt, precise, and concise, presenting the findings, conclusions, and recommendations to management in a clear and actionable format.

Audit Report Structure:

- **Executive Summary**
- **Risk and Control Matrix**
- **Categorized Findings** (Critical, Significant, Minor, Housekeeping)
- **Recommendations** for corrective action
- **Management's Response** and corrective action plan (where applicable)

Note: The report reflects only those issues identified during the audit. It is **not a comprehensive list of all potential weaknesses**. Management is responsible for evaluating the full business impact of the recommendations prior to implementation.

Audit Reporting Process:

1. Provisional Report (if applicable):

- Issued **during fieldwork** if **critical or significant findings** are identified.
- Designed to prompt **urgent management action** without waiting for the draft report.
- Examples include:
 - Findings likely to be of **concern to the Auditor-General**.
 - Findings with **potential fraud indicators**.

2. Exit Conference:

- Schedule a meeting with the auditee to **review and discuss the preliminary draft report**.
- A copy of the draft should be sent to the auditee **at least 24 hours before** the exit conference.
- Participants may include:
 - Auditee management responsible for the affected areas.
 - Management tasked with implementing corrective action.
 - Supervisors or directors overseeing the function under review.

During the conference:

- Provide the **Preliminary Draft Report**, marked "*For Discussion Purposes Only*".
- Use the session to:
 - Resolve any **factual disagreements**.
 - Clarify the **intent of recommendations**.

- Ensure **management understands** the key issues.
- Prevent **misinterpretation** and incomplete responses.

If disagreement persists, the report must reflect **both the auditor’s and auditee’s positions**.

Conclude the conference by:

- Confirming the **final report issuance process**.
- Identifying the **recipients of the final report**.
- Agreeing on a **response due date**—usually **within 7 working days**.

3. Draft Final Report:

- Issued to obtain **formal management comments**.
- Management is expected to respond **within 7 working days** of receipt.

4. Final Report:

- The final audit report will be issued to the **Executive Director** for final comments.
- The **Accounting Officer** and the **Audit Committee** will receive the completed report.
- Findings will be **rated** by severity and business/control impact using standard definitions (to be included in the next subsection or appendix).

Rating	Key	Definition of Risks
Critical		Risks that require urgent attention from management because of the pervasive impact of weaknesses in the control environment and/or instances of non-compliance with internal control identified
Significant		Risks that require attention from management as soon as possible because weaknesses in internal control may lead to financial loss or significant weaknesses in control environment.
Minor		Isolated areas of control weaknesses in control environment and/or instances of non-compliance with internal controls identified
Housekeeping		These control weaknesses do not represent a significant risk to the control environment and can normally be correct at a minimal cost. The correction of these control weaknesses will have the effect on an improved control environment.

Step 7 – Distribute and present report

Distribute final report using Distribution List form. Present final report to the Audit Committee and the Finance Committee as requested or required.

Step 8 – Follow-up audit

Refer to B - 13

B-12. SPECIAL PROJECTS / CLIENT REQUESTED PROJECTS

A dedicated pool of hours is reserved within the approved internal audit plan to accommodate **special projects** and **client-requested engagements**. These engagements typically take the form of **consulting services**, aimed at supporting management in solving problems, improving operations, and achieving the organization’s objectives, without compromising the auditor’s independence.

Purpose and Value of Consulting Services

Consulting services are intended to:

- **Add value** to the organisation by enhancing governance, risk management, and internal controls;
- **Support management decision-making** without internal audit assuming management responsibilities;
- Provide **objective insight** and **practical recommendations** to improve processes and systems;
- Strengthen relationships between internal audit and various levels of management.

Examples of such services may include:

- Process design and improvement;
- Participation in system implementation or conversion projects;
- Risk and control workshops;
- Policy or procedure development;
- Advisory input into committees or task teams.

Types of Consulting Engagements

Consulting engagements may be categorized into the following types:

Type	Description
Formal Consulting	Planned engagements, governed by a written agreement, with clear scope and deliverables.
Informal Consulting	Routine activities, such as participation in ad hoc meetings, routine information sharing, or presence on standing committees.
Special Consulting	Involvement in temporary or focused teams such as system implementation or ICT project teams.
Emergency Consulting	Participation in urgent recovery or crisis response teams formed due to disasters or unusual business events; includes temporary support to meet critical deadlines.

Acceptance of Consulting Engagements

Before accepting any consulting engagement, the following process and considerations apply:

Pre-Approved Consulting

- Some consulting engagements are identified and approved as part of the annual internal audit plan.

Ad-Hoc Requests

- Other engagements are initiated by managers directly requesting assistance from the **Chief Audit Executive (CAE)**.

Approval by Audit Committee

- The CAE will seek **Audit Committee approval** for any consulting engagement that **significantly affects** the execution of the approved internal audit plan.

Independence and Objectivity

- The CAE must assess whether the engagement may impair the **independence or objectivity** of the internal audit activity (IAA). Where a risk to objectivity exists, appropriate safeguards must be established.

Competence and Capacity

- The CAE must ensure that internal audit has the **necessary skills, experience, and available time** to carry out the consulting engagement effectively.

Risk Considerations

- The CAE will evaluate **risks associated with the engagement**, including reputational, operational, and audit scope impacts.

Budget Hours and Documentation

- All special and client-requested projects must operate within the **hour pool allocated** for such activities in the approved internal audit plan.
- For each consulting engagement, the **project budgeted hours** must be established and approved by the **CAE**.
- Both **budgeted and actual hours** must be clearly documented in the project working papers for accountability and tracking purposes.

B-13. AUDIT FINDING / CORRECTIVE ACTION - MONITORING

The Internal Audit Activity (IAA) will conduct an **quarterly monitoring process** to track and ensure the effective implementation of corrective actions arising from audit recommendations. This process supports accountability, mitigates risk exposure, and provides assurance that agreed-upon improvements are being realized. A central **Audit Findings Database** will be maintained to facilitate effective follow-up and monitoring.

Objectives of the Audit Findings Database

The primary objectives of maintaining this database are to:

- Control, update, and report on the status of **proposed and actual corrective actions**.
- Track the **number, nature, and outcomes** of audit recommendations implemented.
- Identify and report to management any **unresolved findings** that represent **ongoing risk exposure**.

- Prioritize findings that require **additional follow-up** due to significance or delayed resolution.
- Facilitate timely and structured **status updates** from responsible departments or officials.

Required Information in the Database

Each entry in the Audit Findings Database will include the following fields:

Field	Description
Audit Number	Format: FY-NN, where FY = Fiscal Year, NN = Sequential Project Number
Audit Title	Title of the audit project as assigned by Internal Auditing
Report Date	Date of issuance of the final audit report
Department	Name of the department audited
Responsible Official	Primary contact for follow-up, typically the person responsible for implementing corrective action
Audit Finding Number	Number used to identify the finding in the report and working papers
Finding Description	Concise summary of the issue or weakness identified
Recommendation	Summary of the audit recommendation for corrective action
Response	Initial management response; updated periodically as implementation progresses
Status Code	Indicates the current status of the corrective action. Use the following codes:
1	In-Process – Corrective action is being implemented
2	Pending – Action agreed but not yet started
3	Partially Resolved
4	Resolved – Verified by follow-up procedures
5	Recommendation Declined – Management has chosen not to implement
6	Will Not Be Implemented Due to Changed Conditions
Date of Corrective Action	Actual completion date of the corrective action (DD/MM/YY format)

Quarterly Monitoring Procedures

An **quarterly follow-up project** will be conducted to:

- Input findings issued during the previous quarter into the database.
- Follow up on **open findings** where the planned implementation date has lapsed.
- Validate and update the **status of corrective actions** based on departmental feedback and, where necessary, verification testing.

A standardized **work program** for this monitoring process is maintained in the “Report of Management Actions” section of the internal audit permanent electronic files.

Reporting

Following the update of corrective action statuses, the **Chief Audit Executive (CAE)** will compile and distribute summary reports to **management and elected officials**. These reports may include:

- Findings with **completed** corrective actions.
- Findings where corrective action is **in process**, with notes on progress.
- Recommendations that **will not be implemented**, with reasons.
- Findings where no action has been taken or action is **overdue**.

B-14. AUDIT FINDING / DATA BASE DEFINITIONS OF DATA FILES

To ensure consistency and standardization in maintaining the Audit Findings Database, the following definitions apply to each data field:

Field Name	Definition
Audit Number	A unique identifier assigned by Internal Auditing to each audit project. Format: FY-NN where FY = Fiscal Year, NN = Sequential Project Number.
Audit Title	Title assigned by Internal Auditing to the project. Use a concise version if the original is lengthy.
Report Date	Date on which the final audit report was issued (format: DD/MM/YY).
Department	Name of the department or unit where the audit was conducted.
Contact Person	The designated departmental official most familiar with the current status of the audit finding. Typically, this is the original contact person assigned by the department head.
Audit Finding Number	The number or code used to identify the finding in the audit report and working papers.
Finding Description	A brief summary of the audit finding as captured in the final audit report.
Recommendation	A concise version of the audit recommendation related to the finding.
Response	The initial management response to the finding. This field is updated with any subsequent status reports or explanations provided.
Status Code	A two-digit code indicating the implementation status of the corrective action. The following codes shall be used:
01	In-Process – Corrective action is currently being implemented
02	Pending – Corrective action agreed but not yet initiated
03	Partially Resolved – Some aspects of the corrective action have been addressed
04	Resolved – Corrective action fully implemented and verified
05	Recommendation Declined – Management has opted not to implement
06	Will Not Be Implemented – Due to changed conditions or circumstances
Date of Corrective Action	Actual date when the corrective action was completed (format: DD/MM/YY).

B-15. CONFLICT OF INTEREST

Internal Auditing must maintain objectivity and independence in all matters relating to audit engagements. It is imperative that **Internal Auditors remain free from personal, professional, or external impairments** that could affect their impartiality in conducting audits and issuing findings.

Principle of Independence

Auditors must not only be independent in fact but must also be perceived as independent by knowledgeable third parties. Any **real or perceived conflict of interest** could compromise the credibility of the internal audit function.

Circumstances Affecting Impartiality

Situations that may impair independence or the perception thereof include, but are not limited to:

- Personal relationships with the auditee.
- Financial interests in the auditee's operations or outcomes.
- Recent or ongoing involvement in the area under audit.
- Employment opportunities or engagements that may bias the auditor's judgment.

Annual and Engagement-Level Independence Declarations

To assist in managing independence and objectivity:

- All internal audit staff shall **complete an annual independence declaration**, affirming the absence of conflicts of interest or disclosing any potential issues. (See procedure B-16 for reference and template.)
- For every audit engagement, team members shall **complete a project-specific independence assessment**, which will be retained in the **General Matters – Planning** section of the audit working papers.

These steps help safeguard the integrity of the audit process and ensure alignment with professional auditing standards.

B-16. ANNUAL INDEPENDENCE STATEMENT

CONFLICT OF INTEREST STATEMENT

To the best of my knowledge and belief, I have answered the following questions truthfully and accurately:

	YES	NO
1. Do you have any official, professional, personal, or financial relationships that might cause you to limit the extent of any inquiry, to limit disclosure, or to weaken or slant audit findings in any way?	-----	-----
2. Do you have any preconceived ideas toward individuals, groups, organizations, or objectives of a particular program that could bias the audit?	-----	-----
3. Did you have any previous responsibility for decision making or managing an entity that would affect current operations of any entity or program being audited?	-----	-----
4. Did you previously perform any duties for Sol Plaatje Municipality involving the approval of invoices, payrolls, claims, or other proposed payments?	-----	-----
5. Are you currently or have you previously maintained the official accounting records of a fund or program of Sol Plaatje Municipality?	-----	-----
6. Do you have a financial interest, direct or substantial indirect, in Sol Plaatje Municipality except for compensation and benefits provided under the Municipality's policies?	-----	-----
7. Do you have a financial interest, direct or substantial indirect, in any related party transaction (vendor, customer, contractor, lease, or other financial transaction, etc.) with the Municipality, elected officials, or other members of the City's governance structures?	-----	-----
8. I acknowledge receipt of a copy of, and affirm adherence to, the Institute of Internal Auditors' Code of Ethics .	-----	-----

Exceptions (please explain below or state "None")

Employee Name: _____
 Position: _____
 Signature: _____
 Date: _____

Reviewed by Chief Audit Executive: _____
 Date of Review: _____

B-17. AUDIT PROJECT INDEPENDENCE STATEMENT

Audit Project Independence Statement

Audit Name: _____

Date: ___ / ___ / 20__

In accordance with the Global Internal Audit Standards (2025), particularly those governing auditor independence and objectivity, the undersigned declare the following:

1. I am free from any official, professional, personal, or financial relationships that could impair — or appear to impair — my independence or objectivity in carrying out this audit.
2. I have no biases, preconceived opinions, or conflicts of interest with respect to individuals, functions, or programs subject to this audit.
3. I have not had responsibility for, or decision-making authority over, any operations or activities included in this audit engagement within the past 12 months.
4. I have not participated in any accounting, payment processing, or operational management of the area under review during the past five (5) years.
5. I hold no financial or personal interest, direct or substantial indirect, in Sol Plaatje Municipality other than through the remuneration and benefits provided under Municipal policy.
6. I affirm that I will maintain objectivity throughout the audit process and will immediately disclose any actual or perceived conflict of interest that may arise.

Signatures and Declarations:

Title	Name (Print)	Signature	Date
Chief Audit Executive	_____	_____	_____
Audit Supervisor	_____	_____	_____
Auditor-In-Charge	_____	_____	_____
Staff Auditor	_____	_____	_____
Assistant Auditor	_____	_____	_____

Note: Any exceptions to these declarations must be disclosed in writing and appended to this form.

Auditors should disclose, in writing, any exception(s) to these statements. Written exceptions should be filed as supplements following this page.

B-18. PROFESSIONAL DEVELOPMENT AND CONTINUING EDUCATION POLICY

The Internal Audit Activity (IAA) must ensure that all auditors possess and maintain the knowledge, skills, and other competencies needed to fulfill their responsibilities. Continuous professional development is critical for ensuring alignment with the evolving complexity of public sector auditing and expectations of stakeholders.

Minimum Training Requirements (as per GIAS 2025):

- 20 hours of CPE (Continuing Professional Education) per financial year for each auditor.
- 80 hours of CPE over any rolling two-year period.
- At least 24 hours of the 80 hours must be specific to public sector auditing, governance, risk management, compliance, or fraud prevention.
- Internal auditors in leadership or supervisory roles are encouraged to exceed the minimum requirement to maintain credibility and leadership competencies.

Types of Acceptable Learning Activities:

- Formal training courses, seminars, workshops
- Webinars, e-learning, or blended learning
- Participation in relevant professional associations (e.g., IIA, IMFO, IRMSA, ACFE)
- University courses or recognized certification programs
- Development or delivery of training
- On-the-job learning documented through structured coaching or mentoring

Planning, Tracking, and Monitoring:

- Each auditor is responsible for identifying training aligned with their job responsibilities and development plan.
- Training plans must be discussed and approved during annual performance planning or appraisal reviews.
- A **“Training Summary Log”** will be maintained by the Audit Administrative Officer and updated quarterly.
- **Proof of attendance or completion** (e.g., certificates, transcripts, confirmation emails) must be submitted to the Audit Supervisor within 10 working days of course completion.

Support for Professional Certifications:

- The IAA encourages certifications such as CIA, CCSA, CGAP, CFE, CRMA, and others relevant to public sector auditing.
- Time off for examinations will be granted.
- Reimbursement of registration fees, study material, and travel will be subject to municipal policy and available budget.

B-18-1. INTERNAL AUDITING TRAINING SUMMARY ACCUMULATED CONTINUING EDUCATION

NAME: _____		TITLE: _____		CERTIFICATION(S): _____	
PERIOD ENDING: ___ / ___ / 20__		PAGE #: _____		_____	
Date (DD/MM/YY)	Training Description	Location/Platform	Sponsor/Provider	Cost (R)	CPE Hours
FINANCIAL YEAR TOTALS:				R	Hours

Instructions:

- Complete this form for all internal and external training.
- Submit supporting documentation (certificate, agenda, etc.) to the Audit Supervisor within 10 working days of training.
- At least 20 hours annually and 80 hours over two years must be accumulated, with 24 hours in public sector-specific topics.
- The summary is reviewed quarterly and retained in the auditor’s professional development file.

B-19. PERSONNEL FEEDBACK / EVALUATION

Internal Audit leadership is responsible for providing structured, constructive, and timely performance evaluations for auditors involved in engagements exceeding **80 hours**. This supports quality assurance, staff development, and continuous improvement in line with the **Internal Audit Activity’s Quality Assurance and Improvement Program (QAIP)**.

Evaluation Requirements:

1. **Standardized Evaluation Forms** must be used (different forms for Staff and In-Charge Auditors).
2. The **Audit Supervisor** will evaluate all Staff Auditors. The **Chief Audit Executive (CAE)** will evaluate the In-Charge Auditor or Supervisor.
3. A formal **discussion** of the evaluation must occur between the evaluator and the person being evaluated.
4. Evaluations must be **signed by both parties** and submitted to the CAE for final review and signature.
5. The **original signed evaluation** will be retained by the CAE as part of the QAIP documentation.
6. **No copies** are to be kept by evaluators. Staff may request copies for their records.
7. **Optional comment pages** may be attached by either the evaluator or the person being evaluated.
8. These evaluations are **distinct from HR performance appraisals** and are not filed with HR but serve as timely feedback tools for audit-specific performance and learning.

Key Evaluation Criteria May Include:

- Technical proficiency and accuracy
- Adherence to audit methodology
- Communication and report writing
- Professional skepticism and independence
- Timeliness and efficiency
- Teamwork and leadership (for In-Charge)

B-19-1. STAFF AUDITOR PERSONNEL FEEDBACK / EVALUATION FORM

SOL PLAATJE MUNICIPALITY - INTERNAL AUDITING PROJECT FEEDBACK/EVALUATION FORM STAFF AUDITOR

Name of Staff Auditor: _____

Audit title: _____

Role/Duties on Audit: _____

Evaluation Criteria

Performance Area	Above average	Competent	Needs improvement	Not rated
Planning				
Understands auditee's environment and risks				
Contributes to audit planning and scope clarity				
Technical Competence				
Applies relevant auditing standards				
Prepares compliant, clear, complete, and well-organized working papers and procedures				
Develops findings with adequate support and root cause analysis				
Demonstrates sound professional judgment				
Time Management				
Meets agreed timelines and budget allocations				
Communicates delays or scope changes proactively				
Communication				
Writes clearly, concisely, and professionally.				
Communicates effectively with team and auditees				
Actively listens and seeks clarification.				
Personal Attributes				

Performance Area	Above average	Competent	Needs improvement	Not rated
Demonstrates initiative and accountability				
Maintains independence and objectivity				
Shows professionalism in conduct and appearance				
Engages respectfully with team and stakeholders				

Overall Performance Summary

(Include any commendations, coaching points, or opportunities for development)

Acknowledgment

- I confirm that this feedback was discussed with me and I was given an opportunity to respond.
- I understand this is part of the quality improvement process under GIAS Principle 12 and is separate from HR performance evaluations.

Signatures	Name	Date (DD/MM/YY)
Staff Auditor	_____	_____
Audit Supervisor	_____	_____
Chief Audit Executive	_____	_____

B-19-2. IN-CHARGE AUDITOR/AUDIT SUPERVISOR PERSONNEL FEEDBACK / EVALUATION FORM

INTERNAL AUDITING PROJECT FEEDBACK/EVALUATION FORM IN-CHARGE AUDITOR/AUDIT SUPERVISOR

Name of person evaluated: _____

Audit title: _____

Role / Duties on Audit: _____

	Above average	Competent	Needs improvement	Not rated
Planning				
Understands auditee risks, controls, and processes				
Develops efficient and effective audit programs and resource budgets.				
Coordinates audit planning and engages auditee appropriately				
Adjusts plan based on risk and resource availability				
Technical Competence & Execution				
Applies all standards and internal audit methodologies appropriately				
Oversees preparation of high-quality working papers (clear, complete, logical)				
Monitors audit progress and reports delays or issues timely				
Conducts team meetings and resolves execution challenges				
Develops relevant, impactful findings and reports with root causes and viable recommendations				
Finalizes working papers and clears all review comments before wrap-up				
Delivers audit within agreed timelines and resource budgets				
Supervision and Leadership				
Reviews work promptly and provides developmental feedback				
Delegates work to build staff skills and ensure audit quality				
Manages and motivates team to meet performance expectations				
Completes timely and constructive personnel evaluations				

	Above average	Competent	Needs improvement	Not rated
Communication				
Communicates clearly and persuasively in writing.				
Leads meetings and articulates audit results with confidence and clarity				
Listens actively and incorporates feedback appropriately.				
Personal Attributes				
Demonstrates professionalism and ethical behavior				
Maintains objectivity and independence from auditee				
Shows initiative, dependability, and commitment to excellence				
Fosters a respectful and productive team and auditee relationship.				

Overall Performance Summary

(Comments on strengths, development needs, or recommended training should be included)

Acknowledgment

I confirm that this feedback was discussed with me, and I had the opportunity to comment. I understand this feedback supports quality assurance and professional development as required by the 2025 Global Internal Audit Standards.

Signatures

Name

Date (DD/MM/YY)

In-Charge Auditor / Supervisor

Evaluator (Chief Audit Executive or Delegate)

B-20. STAFF SCHEDULING

The Chief Audit Executive (CAE) is responsible for assigning internal audit engagements in line with the approved internal audit plan. Engagements will be allocated to audit supervisors and staff based on their qualifications, experience, and workload, while ensuring that assignments uphold independence and objectivity as defined in the Global Internal Audit Standards.

The CAE will assess factors such as the complexity of the audit area, staff skill sets, prior involvement, and engagement deadlines. For each engagement, one auditor will be designated as the engagement leader (in-charge auditor), who will manage the engagement planning, execution, and reporting under the guidance of an audit supervisor or audit manager.

The audit scheduler, in coordination with audit supervisors, will manage resource planning and control of staff allocation, adjusting for risk changes and priority shifts when necessary.

B-21. GENERAL OFFICE SECURITY

Working papers and other internal audit files should be protected from unauthorized access. All staff will be provided with the applicable keys to the offices used by Internal Auditing. All file cabinets and outer office doors should be locked at the end of the working day.

Each auditor has a responsibility to ensure that all working papers are secure at the end of the day. In addition, if an auditor must leave working papers in an area where there are no other auditors to guard them, the auditor should cover or lock up the working papers to deter unauthorized access to the working papers.

In addition to physical file security, all digital audit documentation must be stored securely on approved Municipal or Internal Audit systems. Access must be restricted through system permissions, and portable media should be encrypted. Remote working protocols must also ensure secure data access and storage.

B-22. NEWS MEDIA

All inquiries from the media must be referred to the **Municipal Communications Unit or official spokesperson**. Internal Audit staff must not disclose, confirm, or comment on any audit matters, findings, or issues, in accordance with the **IIA Code of Ethics** and **Sol Plaatje Municipality communication protocols**.

B-23. FRAUD, ABUSE AND ILLEGAL ACTS

If auditors encounter indications of fraud, corruption, abuse, or illegal acts during audit work, they must promptly inform the **Chief Audit Executive (CAE)**. The CAE will assess the matter to determine its validity and potential impact. Where necessary, and in consultation with the **Audit Committee** and **Municipal Manager**, the CAE will escalate the matter to the relevant authority or department responsible for investigations, in line with Council policy.

Internal Auditing may support fraud investigations within the scope of its charter, ensuring compliance with the **IIA's Fraud and Corruption Guidance**, maintaining objectivity, and fully documenting all steps taken.